

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

IN RE:	§	
	§	
DIVERSIFIED SOLUTIONS, INC.	§	CASE NO. 14-10069
Debtor	§	Chapter 11
	§	

AMENDED EXPEDITED JOINT MOTION TO DISMISS CASE

If no timely response is filed by April 24, 2014, the relief requested herein may be granted without a hearing being held.

Expedited consideration of this motion has been sought. The Court has set the hearing on this motion for April 28, 2014 at 9:30 a.m. in Courtroom #1, United States Bankruptcy Court, Homer J. Thornberry Federal Judicial Building, 903 San Jacinto Blvd., Third Floor, Austin, Texas 78701.

TO THE HONORABLE TONY M. DAVIS,
UNITED STATES BANKRUPTCY JUDGE:

Diversified Solutions, Inc., Debtor-in-Possession, and Garnet Analytics, Inc. (“Garnet”) move this court to dismiss the Debtor’s Chapter 11 case and would respectfully show the Court as follows:

Summary

The Court’s Order to Show Cause raised the possibility of the appointment of a Chapter 11 Trustee, conversion or dismissal. On April 7, 2014, the Debtor and Garnet met to explore a compromise of their disputes that would be approvable by this Court. Because the Court’s comments on the record on March 31, 2014, in light of the resolution of the Garnet dispute, the Debtor and Garnet move for the dismissal of the case as being in the interests of creditors.

Jurisdiction and Venue

1. This Court has jurisdiction by virtue of 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(1), (b)(2)(A), (B), and (O). The Court has authority to enter final orders granting the relief sought in this motion because the relief sought is sought pursuant to Section 1112 and 349 of the Bankruptcy Code – adjudicating public rights arising under the code.

2. Venue is proper in this District pursuant to 28. U.S.C. § 1408(1) because the Debtor's principal place of business has been located in this District for more than 180 days preceding the filing of this bankruptcy case.

Expedited Consideration

3. Expedited consideration is warranted under the balancing of the equities. Creditors face the hardship of delayed payment and the Debtor faces additional tax and administration costs if the compromise is delayed. There is no harm to the creditors from this dismissal and their rights are not being affected.

Factual Background

4. Garnet and the Debtor have been in litigation arising out of a business relationship that ended in 2012. In that litigation, Garnet obtained prejudgment relief against the Debtor pursuant to Connecticut law permitting Garnet to attach \$2.188 million. The order authorizing this relief omitted several categories of damages that Garnet would claim in a final judgment; Garnet would contend that recoverable damages and interest would exceed \$5 Million. A judgment including punitive damages under the Connecticut Unfair Trade Practices Act could double or treble certain components of an award, resulting in a judgment potential in the range of \$9 million.

5. As the Court noted on the record in a hearing in this matter on March 31, 2014, the Debtor has scheduled other non-insider claims totaling approximately \$370,000. The rights of those creditors are not impaired by the dismissal of the case or the approval of the Garnet settlement on the terms proposed.

Relief Requested

6. By this Motion, the Debtor and Garnet seek dismissal of the Debtor's case under 11 U.S.C. §1112.

7. The UST requests that the Order provide for payment of any quarterly fees owed to the UST and any noticing fees owed to the Clerk of the Bankruptcy Court at the time of dismissal of the case pursuant to 28 U.S.C. § 1930.

Basis for Relief

8. Under 11 U.S.C. §1112 the Court may dismiss a case for "cause", which includes a non-exclusive list of factors.

9. The Debtor submits that sound business justification exists to dismiss the Debtor's case. First, the dismissal will end the administrative costs and encourages the Debtor to continue operating, which permits it to pay ongoing creditors. Second, dismissal permits creditors to act freely with the Debtor. Third, all creditors benefit from avoiding the future costs and expenses associated with continuation of the Connecticut litigation and the bankruptcy.

Notice is being Provided

10. Notice of this Motion has been or will be provided to the U.S. Trustee, the creditors on the Debtor's mailing matrix, any persons who have filed a request for notice pursuant to Bankruptcy Rule 2002, and any such other government agencies to the extent

required by the Bankruptcy Rules and Local Rules. The Debtor submits that no further notice of this Motion is required.

Conclusion

11. In this case, the parties that are active in the case seek dismissal. Dismissal is in the interests of the creditors.

Prayer

WHEREFORE, the Debtor and Garnet request that the Court enter an Order:

- (1) Dismissing the case as set forth on the proposed order; and
- (2) Granting such other and further relief as is proper.

Dated: April 11, 2014.

Respectfully submitted,

HUSCH BLACKWELL, LLP

/s/ Lynn H. Butler

Lynn Hamilton Butler, Esq.

State Bar No. 03527350

111 Congress Ave Ste 1400

Austin, TX 78701

Attorneys for the Debtor

And

PULLMAN & COMLEY, LLC

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and

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Attorneys for Garnet Analytics, Inc.

CERTIFICATE OF SERVICE

The undersigned certifies that on April 11, 2014 a true and correct copy of this document was served on all parties on the attached official service list by electronic means as listed on the Court's ECF noticing system, and by United States first class mail, postage prepaid at the address indicated.

/s/ Lynn H. Butler
Lynn Hamilton Butler

Label Matrix for local noticing
0542-1
Case 14-10069-tmd
Western District of Texas
Austin
Wed Apr 9 12:58:06 CDT 2014

Diversified Solutions, Inc.
8101 Avella Drive
Austin, TX 78729-4939

U.S. BANKRUPTCY COURT
903 SAN JACINTO, SUITE 322
AUSTIN, TX 78701-2450

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Austin, TX 78734-1209

American Express
Attn: Bankruptcy Division
P.O. Box 360002
Fort Lauderdale, FL 33336-0002

Anthem Blue Cross
P.O. Box 9051
Oxnard, CA 93031-9051

Audimation Services, Inc.
1250 Wood Branch Park Dr., Suite 480
Houston, TX 77079-1212

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P.O. Box 2472
Stateline, NV 89449-2472

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11011 Domain Drive
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Bridgeport, CT 06604

Cody Hobza
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Dan Hernandez
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CENTRALIZED INSOLVENCY OPERATIONS
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PHILADELPHIA PA 19101-7346

Diamond Aviation Services
3205 Paseo Vista
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Earthnet, Inc.
4735 Walnut St., Suite F
Boulder, CO 80301-2553

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Oceanside, CA 92057-1840

Employment Development Department
State of California
Bankruptcy Unit - MIC 92E
P.O. Box 826880
Sacramento, CA 94280-0001

FedEx
Attn: Bankruptcy Div.
P.O. Box 7221
Pasadena, CA 91109-7321

Franchise Tax Board
Bankruptcy Section MS A340
PO Box 2952
Sacramento, CA 95812-2952

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324 Elm Street, Suite 103B
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Garnet Analytics, Inc.
c/o Hugh M. Ray, III
McKool Smith PC
600 Travis Suite 7000
Houston, TX 77002-3018

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225 Asylum St.
Hartford, CT 06103-1516

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Philadelphia, PA 19101-7346

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Costa Mesa, CA 92626-3055

PM3 Consulting, Inc.
3220 Feathergrass Ct., 9106
Austin, TX 78758-7778

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2207 Pasadena Dr., #9
Austin, TX 78757-2214

Premiere Global Services
P.O. Box 404351
Atlanta, GA 30384-4351

Secretary of State
State of California
1500 11th Street
Sacramento, CA 95814-5701

Secretary of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220-0001

Sourcive, Inc.
4255 Garlan Lane
Reno, NV 89509-5444

(p)CALIFORNIA STATE BOARD OF EQUALIZATION
ACCOUNT REFERENCE GROUP MIC 29
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SACRAMENTO CA 94279-0029

Texas Attorney General
Bankruptcy & Collections Division
P.O. Box 12548
Austin, TX 78711-2548

(p)TEXAS COMPTROLLER OF PUBLIC ACCOUNTS
REVENUE ACCOUNTING DIV - BANKRUPTCY SECTION
PO BOX 13528
AUSTIN TX 78711-3528

Texas Workforce Commission
Tax-Collections
101 E. 15th Street
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Department of Justice
950 Pennsylvania Avenue NW
Washington, DC 20530-0009

(p)US BANK
PO BOX 5229
CINCINNATI OH 45201-5229

U.S. Department of the Treasury
Attn: Bankruptcy Dept.
Ogden, UT 84201-0001

Unified Services
2635 W. 45th
Austin, TX 78731-5941

United States Trustee - AU12
United States Trustee
903 San Jacinto Blvd, Suite 230
Austin, TX 78701-2450

Verizon
Attn: Bankruptcy Div
P.O. Box 920041
Dallas, TX 75392-0041

Verizon Wireless
Attn: Bankruptcy Div.
P.O. Box 660108
Dallas, TX 75266-0108

Wells Fargo Business Card
P.O. Box 54349
Los Angeles, CA 90054-0349

Williamson County Tax Assessor
904 South Main
Georgetown, TX 78626-5829

The preferred mailing address (p) above has been substituted for the following entity/entities as so specified
by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

Department of Treasury
Attn: Bankruptcy Div.
P.O. Box 105083
Atlanta, GA 30348

(d)Internal Revenue Service
Attn: Bankruptcy Division
P.O. Box 105078
Atlanta, GA 30348

(d)Internal Revenue Service
Attn: Bankruptcy Division
P.O. Box 105083
Atlanta, GA 30348

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(d)Brian J. Sol.
P.O. Box 2472
Stateline, NV 89449-2472

(d)Internal Revenue Service
PO BOX 7346
Philadelphia, PA 19101-7346

(d)Lynn H. Butler
Husch Blackwell LLP
111 Congress Avenue, Suite 1400
Austin, TX 78701-4093

End of Label Matrix	
Mailable recipients	53
Bypassed recipients	3
Total	56

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

IN RE:

DIVERSIFIED SOLUTIONS, INC.
Debtor

§
§
§
§
§

CASE NO. 14-10069
Chapter 11

ORDER ON AMENDED EXPEDITED JOINT MOTION TO DISMISS CASE

On this day, the Court considered the Amended Expedited Joint Motion To Dismiss Case filed by Diversified Solutions, Inc., Debtor-in-Possession, and Garnet Analytics, Inc. (“Garnet”).

This Court has jurisdiction by virtue of 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(1), (b)(2)(A), (B), and (O). The Court has authority to enter final orders granting the relief sought in this motion because the relief sought is sought pursuant to Section 1112 and 349 of the Bankruptcy Code – adjudicating public rights arising under the code.

Venue is proper in this District pursuant to 28. U.S.C. § 1408(1) because the Debtor’s principal place of business has been located in this District for more than 180 days preceding the filing of this bankruptcy case.

Notice of the Motion and the hearing is adequate under the circumstances.

After review of the pleadings, argument of counsel and consideration of the events in this case, the Court finds that cause exists under Bankruptcy Code § 1112 to dismiss the Debtor's Chapter 11 case.

ACCORDINGLY, the Court GRANTS the Amended Expedited Joint Motion To Dismiss Case filed by Diversified Solutions, Inc., Debtor-in-Possession, and Garnet Analytics, Inc.

The Chapter 11 case of Diversified Solutions, Inc., Case No. 14-10069, filed in the Western District of Texas, Austin Division, is hereby dismissed.

The Debtor shall pay the United States Trustee the sum of \$_____ for that amount owed pursuant to 28 U.S.C. § 1930 for the _____ quarters within 10 days of entry of this order. Quarterly fees shall continue to accrue until the case is closed, dismissed, or converted.

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